

## Mayor/Speaker's Report

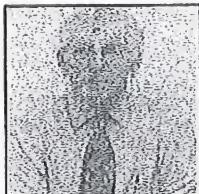


**Mduduzi Banda**  
Kwa Sani Deputy Mayor (ANC)

There are five part time Councillors, namely;

<i>Name of Councillor</i>	<i>Political party</i>
Myr. Eugenia McNamara	ANC
Deputy Myr. Mduduzi Banda	ANC
Cllr. David Adam	DA
Cllr. P. Joxo	IFP
Cllr. S. Ndlovu	ANC

### Composition of Council



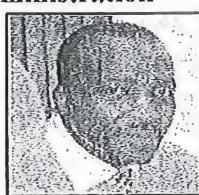
**Cllr D. Adam (DA)**



**Cllr P. Joxo (IFP)**



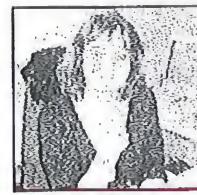
### Administration



**Mr. Sbu Gwacela**  
Municipal manager



**Mr. Neil Collins**  
CFO



**Ms. S. McAlister**  
Corporate Services Manager



KWA SANI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
<b>16. REMUNERATION OF COUNCILLORS</b>		
Mayor	195,656	114,918
Deputy Mayor	162,918	93,964
Councillors	477,401	276,189
Total	<u>835,975</u>	<u>486,071</u>
<b>17. INTEREST PAID</b>		
External loans	255,947	130,773
Creditors	-	667
Total	<u>255,947</u>	<u>131,440</u>
<b>18. CASH GENERATED BY OPERATIONS</b>		
Surplus (Deficit) for the year	(455,753)	4,169,203
Adjustment for:-		
Depreciation	1,303,154	1,163,825
Contribution to bad debts provision	382,950	(304,048)
Expenditure charged to bad debts provision	(151,158)	(41,894)
Loss on scrapping of property, plant and equipment	26,571	-
Investment Income	(883,878)	(592,392)
Interest paid	255,947	131,440
Investment Income : Capital Replacement Reserve	112,180	60,401
Operating surplus before working capital changes:	<u>690,013</u>	<u>4,686,636</u>
(Increase)/decrease in consumer debtors	(1,036,823)	(312,508)
(Increase)/decrease in other debtors	(71,411)	1,340,843
Increase/(decrease) in unspent conditional grants and receipts	(2,267,814)	2,580,484
Increase/(decrease) in creditors	1,002,419	(2,146,401)
(Increase)/decrease in VAT	228,977	(379,770)
Cash generated by / utilised in operations	<u>(1,554,639)</u>	<u>5,669,183</u>
<b>19. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	<u>1,093,808</u>	<u>1,879,607</u>

KWA SANI MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

	2008 R	2007 R
Note 13 (continued)		
13.6 <i>Changes In levels of government grants</i>		
Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forth coming 3 financial years.		
14. OTHER INCOME		
Building plans	146,244	161,809
Tourism	30,358	253,824
Correcting balances brought forward from previous year		574,107
Other income	198,978	33,347
Total Other Income	<u>375,580</u>	<u>1,023,087</u>
15. EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	4,581,893	3,564,137
Employee related costs - Contributions to UIF,pensions and medical aids	618,507	603,348
Travel, motor car, accommodation, subsistence and other allowances	38,806	197,696
Housing benefits and allowances	28,122	17,645
Overtime payments	727,187	852,242
Performance bonus		
Total Employee Related Costs	<u>5,994,515</u>	<u>5,236,068</u>
There were no advances to employees.		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration	432,880	
Performance Bonuses		
Car Allowance		
Other Allowances (non-taxable)		
Contributions to UIF,Medical and Pension Funds	1,123	
Total	<u>434,003</u>	<u>0</u>
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	308,259	286,577
Performance Bonuses		
Housing subsidy	7,267	4,037
Car Allowance		
Acting Allowance		4,037
Contributions to UIF,Medical and Pension Funds	94,044	81,924
Total	<u>409,560</u>	<u>376,676</u>
<i>Remuneration of the Acting Municipal Manager</i>		
Annual Remuneration	33,352	176,899
Performance Bonuses		
Car Allowance		
Acting Allowance		193,660
Contributions to UIF, Medical and Pension Funds		
Total	<u>33,362</u>	<u>370,559</u>
<i>Remuneration of Head of Community and Technical Services</i>		
Annual Remuneration	190,283	
Performance Bonuses		
Housing subsidy	7,257	
Car Allowance		
Acting Allowance		
Contributions to UIF, Medical and Pension Funds	3,996	
Total	<u>201,536</u>	<u>0</u>

## Performance of the municipality

The performance of the municipality is measured in relation to the extent by which the strategic objectives of the municipality as contained in the IDP are achieved. The core competencies of the municipal manager as well as the key performance areas are designed to give effect to the provisions of the Municipality's IDP. Section 55 of the Municipal Systems Act which clearly spells out the roles and responsibilities of the Municipal Manager states in no uncertain terms how the Municipal Manager must take a lead in ensuring that governance issues are conducted and implemented in an effective, efficient and economic manner and results driven. The performance of the Heads of Departments is not independent from those of the Municipal Manager but rather a distribution of the same roles and responsibilities contained in Section 55 of the Municipal Systems Act in the form of delegations by the Municipal Manager with a clear focus on municipality's priorities.

2007/2008 has been a successful year for the municipality despite the many challenges that had to be overcome. Although the financial and human resources of the municipality have continued to impact negatively on the municipality's efforts to achieve its goals, the municipality through the collective efforts of its executive and its administration managed to overcome most of those challenges through innovation, creativity, multi-skilling and optimal utilization of the limited resources at our disposal.

## Public Participation

Kwa Sani Municipality acknowledges that the municipality is a public entity which should be governed in terms of the applicable legislation. Given that understanding, the municipality is confident that it has adequately embraced the provisions of the Municipal Systems Act No. 32 of 2000 in respect of community participation. The Act is very clear on the development of the culture of public participation in terms of Section 16 as well as mechanisms, processes and procedures for community participation as contained in Section 17 of the Act.

Although Kwa Sani Municipality does not have wards, it has local Ratepayers, Business and Farmers' Associations and Development Committees all of which the municipality was very influential in establishing in order for it to be able to fulfill its statutory obligation in respect of public participation. A comprehensive capacity building training program was successfully implemented and it is the municipality's intention to continue strengthening community participation in all matters of the municipality so as to ensure that there is collectivism and understanding of governance issues by the communities on all matters affecting them.

Compared to the previous years, there has been remarkable improvement in the quality of the municipality's IDP which has made a very radical shift from the previous IDP which were abstract and not representative of the community needs as a result of the paradigm



## **Overview of Municipal Performance**

### **Integrated Development Planning (IDP)**

The Integrated Development Planning of the municipality is the master plan of the municipality and influences any other planning processes that the municipality could embark upon. The planning process is a clearly defined step by step process which is outwardly focused, performance oriented and goal driven and Kwa Sani Municipality has ensured within its limited capacity and resources that every reasonable measure to fulfill the desired objectives of the municipality as dictated upon by the IDP.

The approved IDP which is used as our barometer for measuring the extent by which we are satisfying the needs of our communities is a realistic document which is not abstract with achievable targets derived on the main from the inputs of the communities we serve. Of critical importance is the fact that the IDP was informed by the millennium developments goals as well as the five strategic key performance areas, namely:

- Institutional capacity and transformation;
- Service delivery and infra structure;
- Local economic development;
- Finance and
- Democracy and governance,

IDP functions fall directly within the office of the Municipal Manager with a clear focus on;

- The day to day management of the IDP and all the complimentary processes involved
- Making sure that stakeholder participation and public participation is not marginalized or compromised
- Ensuring that the implementation of the IDP imperatives are not distorted and that they remain a true reflection of the needs of the communities
- Overseeing the alignment and integrating of activities across all departments and also ensuring that such alignment cascades as far down the line as possible.

A far more rigorous attempt was made to include communities and various organizations in the whole IDP process. Road shows, notices, meetings, and newspaper advertisement were tools used to inform the public about all matters related to the IDP. Once the Communication Strategy has been finalized communication will be greatly improved.

A Spatial Development Framework is also included in our IDP. The Budget, the financial plan are informed by our IDP.



paralysis caused by the resistance to change which continued to promote the maintenance of obsolete status quo.

On the main the success in appropriately articulating the needs of the communities and stakeholders is attributed to the municipality's understanding of its roles and responsibilities coupled with its desire to fulfill its obligations and to achieve service excellence.

In executing its functions, Kwa Sani Municipality used all the appropriate mechanisms, resources and procedures to ensure active participation of its communities and all stakeholders at IDP planning stage. The IDP review processes presented an excellent opportunity for empowering the Councillors and other stakeholders, as well as Nongovernmental Forums, service providers and sector departments.

All these structures were active participants in the planning and the reviewing stages which enabled the municipality to produce an outwardly focused IDP which talks to the needs and aspirations of its communities and stakeholders.

As a result of this inclusive exercise, many important factors were identified which enabled the municipality to understand its strengths and weaknesses as well as priority issues that needed to be incorporated into the IDP with clear timeframes for their implementation. This presented itself as an opportunity for the municipality to take an honest introspection of its capacity to deliver on its mandates and obligations in a participatory manner and to identify innovative ways of conducting its business in an endeavor to achieve its targets.

In the process, it was acknowledged that Kwa Sani Municipality has a huge potential to maximize its current and existing economy by enhancing and improving its economic capacity and also by revitalizing the economy that is dormant and underutilized through the involvement and the assistance of the District Municipality and other sector departments.

In essence the public participatory processes have enabled the communities to take ownership of the municipality's service delivery programs in fulfillment of the Municipal Systems Act on public participation which all stem from the Constitution, in particular the Bill of Rights.

#### **Analysis of the Spatial Development Framework**

The aim of Kwa Sani spatial Development Framework is to promote sustainable functional and integrated settlement patterns in order to discourage low density urban sprawls and to generate social and economic opportunities for people as well as to promote easy accessibility to those opportunities.



It further seeks to maximize resource efficiency by ensuring the protection of the available environmental resources within the municipality and to control buffer zone development whilst protecting productive land for agricultural purposes.

Kwa Sani takes pride in enhancing regional identity and the unique character of the place whilst ensuring conformity with the neighboring local, district and provincial spatial development frameworks.

### Tourism

Kwa Sani is a leading tourist destination within Sisonke District municipal area as a result of its location and its proximity to the Drakensberg. The Southern Drakensberg tourism is based on its present reputation as a destination that offers;

- Outstanding scenery and highland landscapes approaching the escarpment of the Ukhahlamba Drakensburg World Heritage Site
- Some of South Africa's finest fly fishing venues on rivers, lakes and dams
- Highly regarded holiday and leisure options with an abundance of activities for long stay and weekend getaway visitors
- Increasing number of events for athletes, canoeists, mountain climbers, extreme sports, etc
- Selection of culturally significant attractions to include San culture, the pioneering history of the area and other cultural/community sites such as the Reichenau Mission and Duima's grave
- A stop off/touring option for rail tourism (a collaboration with Ingwe Municipality)
- A number of hospitality establishments offering overnight accommodation for the business sector
- Avi-tourism
- Sisonke Stimela Project-steam train bringing tourists from Pietermaritzburg to Underberg for overnight stay and returning to Pietermaritzburg

Some of the activities are; mountain climbing, hiking, fly fishing, mountain biking, road cycling, canoeing, birding, golf, museum, horse riding, wildlife viewing, retail and motor.

Every year the municipality hosts prestigious and popular events such as Splashy Fen Music Festival, the Drakensberg Canoe Challenge, Sani 2 C ride, Golf Classics, Polo competitions, Open Garden Show, 250 Drakensberg Cycle Challenge, etc

### Local Economic Development

Local economic development is high on the agenda of the municipality, particularly the promotion of SMMEs. Various projects have been identified and progress has been made in kick starting them. These are as follows;



- **Hand Crafted Tourism Souvenir and Decorative Material**

A one year intervention program to upgrade craft techniques; create Kwa Sani brand, link crafters to markets, channel industry towards 2010 has been embarked upon. Two hundred crafters have been identified and value of the project is estimated at R1 111 440.00 all aimed at promoting SMMEs and supporting local initiatives and the poor

- **Craft and Commodity Centre**

A market for sale of locally produced goods to support the abovementioned craft project is underway with an estimated value of R6 372 600, aimed at promoting SMMEs and local initiatives.

- **Mqatsheni Tourism Node**

A sustainable rural node development focused on growing the tourism sector and creating a sustainable community based tourism venture in the buffer zone to the value of R2,3m is being implemented. This will promote sound rural development, sound buffer zone development, community based economic development and links well with the proposed Ukhahlamba Corridor. This project has been supported by funded by KZN Ezemvelo.

- **Construction Skills Audit and Development**

The initial feasibility study on this program has been completed and business plan is being finalized after which the program will be implemented .The value of the program is R133 000 aimed at promoting SMMEs.

- **Quarry and Crusher Plant**

An investigation is being carried out on the possibility of developing a quarry and plant in the municipal area.

- **Stepmore Development**

Application for funding has been submitted to the Neighborhood Development Grant for the Rural Node development including the Thusong Centre, Tourism Centre, Formal Trading Centre, Public Transport System, 3<sup>rd</sup> Urban node linkage with Mqatsheni Development. The value of the project is estimated at R1 110 000 aimed at improving rural development and bridging the gap between the two economies.



- Growth and Development Strategy

Project Consolidate intervention is sought for the funding to the amount of R600 000 of Urban design and structure plan, Rural development, Leisure Resort development, trekking and trailing, agri-tourism, buffer zone development and Spatial analysis.

It is also important to note that the municipality is linked with;

- The Steam Train and Bio fuel initiatives with Ingwe Municipality
- The Sisonke Birding Route project with funding obtained from Gijima
- Maluti Drakensberg Transfrontier Park initiative and
- Upgrade Reichenau Mission.

### Municipal Manager's Report on Service Delivery

#### Current Status and Backlogs

##### Water and Sanitation

There are funds from the Department of Provincial and Local Government (DPLG) for eradicating water and sanitation backlogs. There is an urgent need to put a sewer system in Underberg Town. Currently the town uses conservancy tanks that have proved to be too costly for the District Municipality to empty on almost daily basis. Underberg is a tourism area and it is critical for this town to have appropriate sanitation infra structure.

##### Water and sanitation service levels/ % population

<i>Served above RDP level</i>	<i>served at RDP level</i>	<i>served below RDP level</i>	<i>unserved</i>
<i>Water/sanitation</i>	<i>w/s</i>	<i>w/s</i>	<i>w/s</i>
<i>82.97%/79.02%</i>	<i>0.37%/7.15%</i>	<i>0.21%/Nil</i>	<i>16.45%/13.83%</i>

##### Capital expenditure

R18 644 340.00

Water

##### Operating expenditure

R1 960 000.00

Sanitation

R6 079 460.40

R2 272 796.30



### Energy/Electricity

Electricity is supplied by Eskom. Currently 0.15% of the population receive electricity. One rural community receive alternative energy in the form of gel fuel from the municipality.

### Refuse Removal

Currently only urban nodes are serviced, ie in the region of one thousand premises. Refuse is transported to the New England Landfill Site in Pietermaritzburg, some 150 km away. No rural communities are serviced at present.

### Housing

26% of respondents to a survey conducted 2005 by Price Waterhouse indicated living in formal structures. More than 50% of houses are mud. A total of 549 informal structures have been erected in the two (2) urban low income sites.

Underberg	230 formal structures 389 informal structures
Himeville	130 formal structures 160 informal structures

This is a serious concern to the municipality in respect of the provision of basic and equitable services in these areas as well as ensuring a healthy and safe environment in terms of section 152 of the Constitution.

### General

Services are delivered via the Municipal Works Department. The staff complement of this department is 35, including the Supervisor and his assistant. Services are currently delivered mainly to the two (2) urban nodes and some duties of this department are refuse removal, storm water drainage, verge and road maintenance, parks and gardens and fire breaks. The equipment used by the department is largely old and requires upgrading.

During the current financial year, services have started to be rolled out to the outlying areas. As this department is crucial to the delivery of services, an evaluation of its activities; manpower, equipment and material as well as budget has commenced. The results of this evaluation will give the administration a Report and Operations Manual which will enable suitable cost effective and economic planning for the future of the department and service delivery.

